



## Financial Education Workshop





# Nevada Public Employees Deferred Compensation Program



*Your Plan... Your Future*



# Nevada Deferred Compensation (NDC)

**We are located in the Nevada State Library and  
Archives Building**

**100 North Stewart Street, Suite 210**

**Carson City, Nevada 89701**

**(775) 684-3397 or 684-3398**

**Fax (775) 684-3399**

**Website: [www.defcomp.nv.gov](http://www.defcomp.nv.gov)**

**Email: [deferredcomp@defcomp.nv.gov](mailto:deferredcomp@defcomp.nv.gov) or  
[rboehmer@defcomp.nv.gov](mailto:rboehmer@defcomp.nv.gov)**







# What is the NDC Program???

- The Nevada Public Employees Deferred Compensation Program (NDC Program), is a *voluntary* tax-deferred supplemental retirement savings plan
  - Created pursuant to section 457(b) of the Internal Revenue Code
  - Provides participants and their beneficiaries with a supplement to their PERS Pension
  - Is one of your ***Voluntary Benefits*** offered through the State of Nevada
  - A supplemental retirement savings plan that will help you save in the amount of tax you pay bi-weekly, annually, and when you retire.



# NDC Committee

- Five members appointed by the Governor pursuant to NRS 287.325:
- Scott Sisco, Chairman, Department of Corrections
- Dr. Carlos Romo, Vice Chair, Retiree Representative
- Brian Davie, Legislative Counsel Bureau
- Karen Oliver, Gaming Control Board
- Steve Woodbury, Governor's Office of Economic Development



# Committee Responsibilities

- Meet quarterly or more frequently as necessary to review investment options, ensure Plan compliance according to state and federal guidelines, establish and maintain operational goals, and develop outreach efforts to various employees and retirees.
- Contract with an outside Investment Consultant to provide professional assistance with investment review, selection, and compliance audits
- Contract with an outside accounting firm to conduct periodic financial audits of the Plan investments to ensure accuracy
- Contracts with Recordkeepers to provide Plan administration, participant services, and custodial trustee services



# NDC Staff

- One full-time Program Coordinator/Executive Officer- **Rob Boehmer**
- Part-time Administrative Assistant- **Micah Salerno**
- Maintains website – <http://defcomp.nv.gov>
  - Tools and Paycheck Calculator
  - Retirement Savings Estimator
  - Forms
  - Administrative Manual
  - Plan Document
- Provide participant education- workshops, etc.
- Assist in program facilitation to participants
- Monitor & evaluate contractor performance





# Recordkeepers

- Two Recordkeepers – also referred to as Providers or Administrators (NOTE: we will be moving to a single recordkeeper beginning January 2015)
- **MassMutual** (Massachusetts Mutual Life Insurance Company) formerly The Hartford
- **VOYA Financial** (Formerly ING US)



All program expenses are paid by the plan participants which are subsidized through a portion of the fund expenses of individual investment options.





# Retirement with NDC

- Minimum contribution is \$12.50 per paycheck
- Maximum contribution is \$17,500 for 2014
  - Equals \$673.08 per bi-weekly paycheck
- Age 50+ Catch-Up
  - If you reach age 50 before the end of 2013, you can contribute an additional \$5,500 for a maximum contribution of \$23,000 or \$884.62 per biweekly paycheck
- Special Pre-Retirement 3-Year Catch-Up
  - Available in the three years prior to your normal retirement age, maximum is \$35,000 in 2014 or \$1,346.15 per biweekly paycheck. However, cannot use both Catch-Up provisions in same year (\*\*Participants must qualify through their Recordkeeper)



# How Much Will I Need to Retire?

Ideally, you would like to  
have

**70% to 90%**

of your current income





# Retirement may not cost as much as you think...

	Without NDC	With NDC
Bi-Weekly Salary	\$1970.00	\$1970.00
NDC Contribution	\$0.00	<\$100.00>
Net Taxable Income	\$1,970.00	\$1,870.00
Federal Income Tax (28% tax bracket)**	\$552.00	\$524.00
Take Home Pay	\$1,418.00	\$1,346.00
Reduction in Take Home Pay	N/A	\$72 **Assumes Employee is claiming 4 exemptions

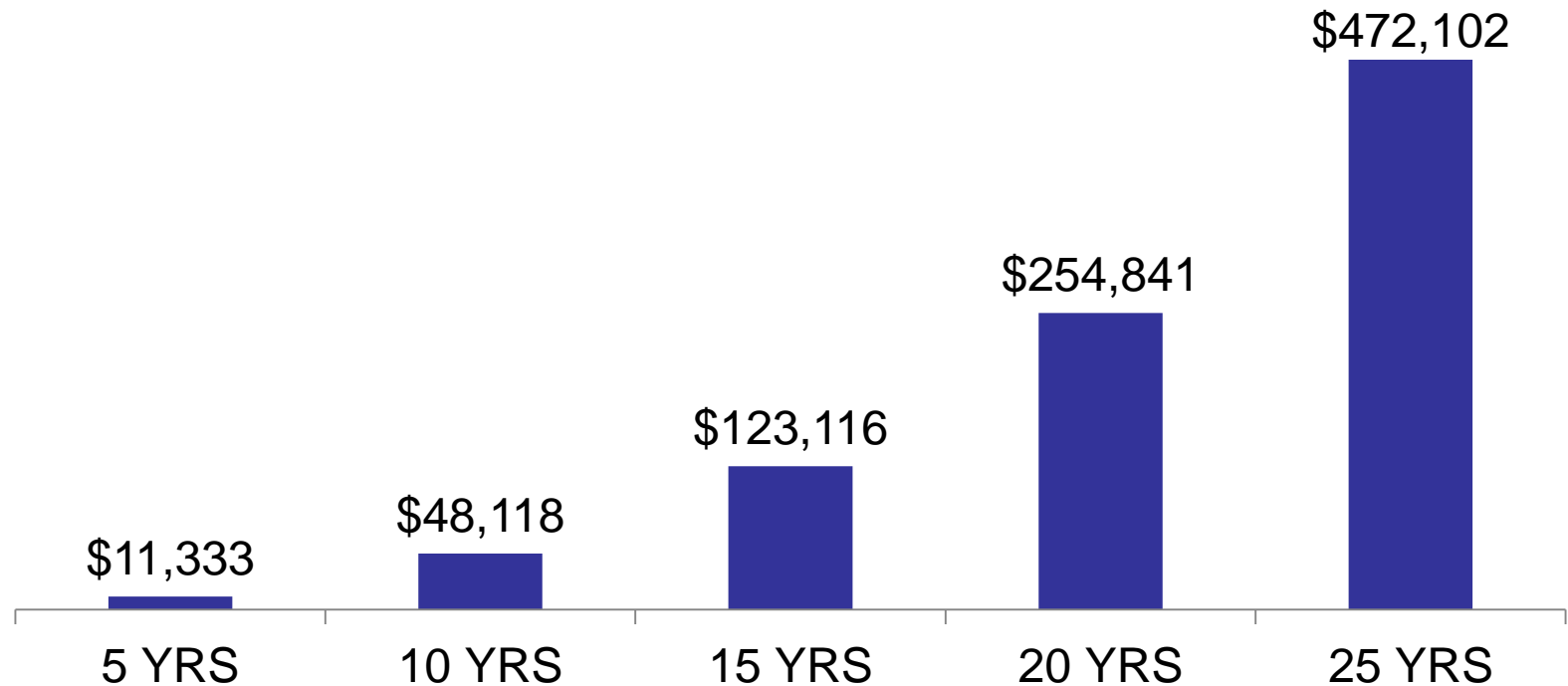
**Bottom Line: \$100 in retirement savings only costs you \$72**

**\*\*Based on 28% Tax bracket 2014 tax table \*\***



# Create a Deferral-Escalation Schedule Every Dollar Counts!

The chart below assumes you start contributing \$25 per check and each year increase this amount by \$25.







# Paycheck Comparison\*

	<u>Before Raise</u>	<u>After Raise</u>
<b>Gross Pay</b>	<b>\$2,000</b>	<b>\$2,080</b>
Minus Contributions to Plan (Before Tax)	-\$50	-\$100
<b>Taxable Pay</b>	<b>\$1,950</b>	<b>\$1,980</b>
Minus Estimated Tax Withheld	-\$293	-\$297
<b>NET or Spendable Pay</b>	<b><u>\$1,657</u></b>	<b><u>\$1,683</u></b>

It's a Win-Win: You're getting \$26 more per month and you're contributing \$50 more a month for retirement -- which you haven't seen yet!



\* For illustrative purposes only. Assumes federal income tax withholding of 15% and does not account for Social Security or Medicare taxes.



# How Much Should You Save?

- Saving for retirement can be overwhelming and frustrating
- Here's a simple “rule of thumb” according to financial planners in the industry:
  - In your 20s, save 7% of your salary
  - In your 30s, save 10% of your salary
  - In your 40s, save 15% of your salary
  - In your 50s, save 20% of your salary
- The important thing is to pay yourself first and start saving as much as you can right now!



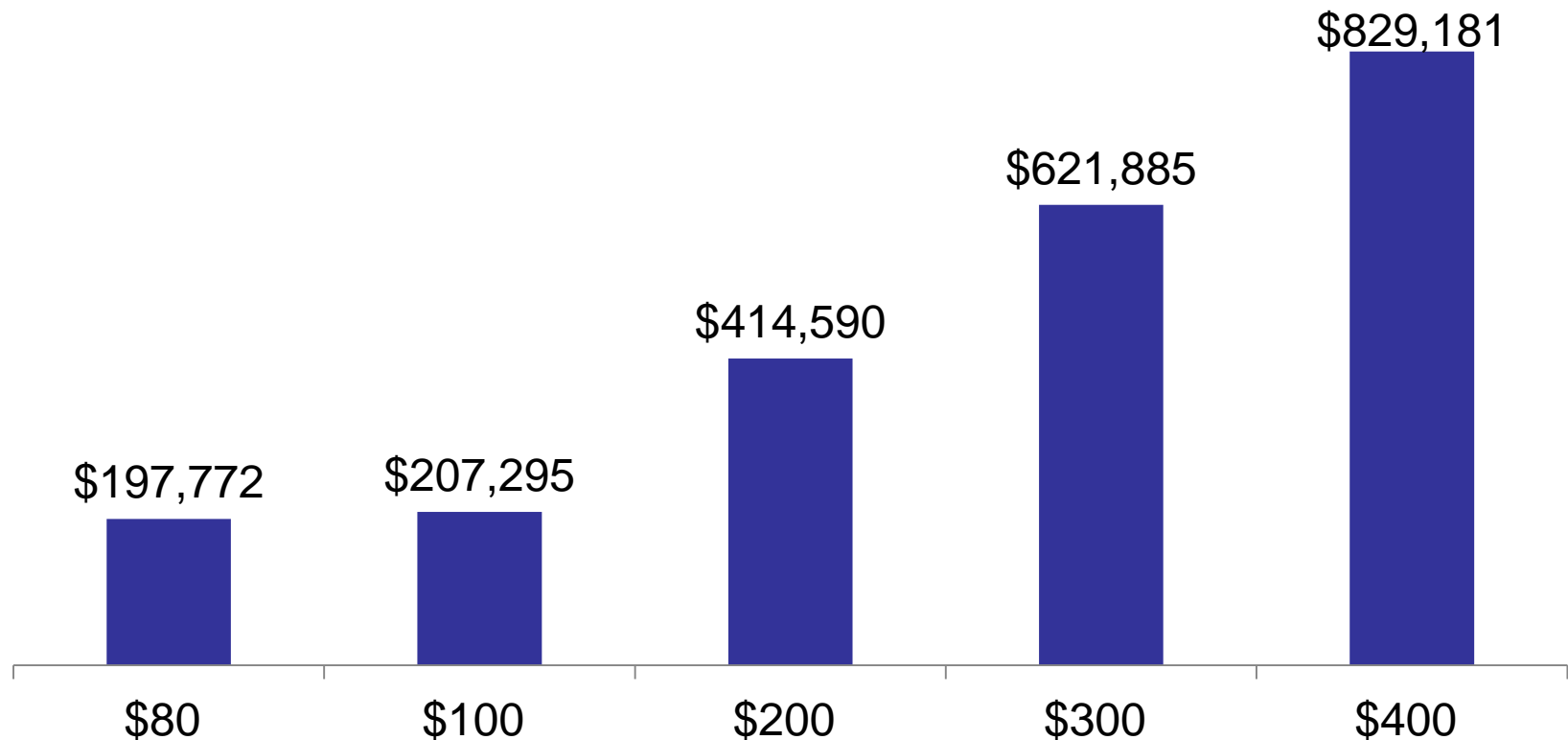


# How Do You Compare?

Age Range	# of Peers Participating in NDC	NDC Average Account Value	Avg. Paycheck Contribution Bi-Weekly
Age 30 and Under	1,592**	\$4,270**	\$71**
Ages 31 – 40	2,110**	\$12,633**	\$125**
Ages 41 – 50	3,999**	\$30,606**	\$160**
Ages 51 – 60	4,501**	\$51,568**	\$250**
Over age 60	3,286**	\$95,729**	\$312**



# What Does NDC Contributions Look Like Over 25 Years???



Payroll Deduction Amounts Per Check





# Distribution of NDC/457b Account

- May start withdrawing upon separation from State service
- At age 70½ (even if still employed)
- For an approved unforeseen financial emergency (participants must qualify through their Recordkeeper and are subject to IRS guidelines outlined in the NDC Plan Document)
- Cash out provision for a small inactive account
  - If you have not contributed for 2 or more years and have less than \$5000 in your account
- For beneficiaries at your death
- For service credit purchase
  - If you have verified with NVPERS the cost of your additional years of service, you may use pretax NDC money to purchase these additional years of service credit - this is considered a rollover and is nontaxable



# Flexibility

- Enrollment is a cinch – use the EZ Enrollment Form on the NDC website
- You may enroll online (VOYA Financial only)
- Meet in person with an Account Representative
- You may change the following at any time:
  - Payroll deduction amount
  - Providers or investment options
  - Personal/beneficiary information





# How do I manage my NDC Account???

Participants should actively manage & monitor their NDC Account.

Here are some tools that NDC and our contracted Recordkeepers have at your disposal:

## Review Quarterly Performance

**Reports:** quarterly reports can be found on the NDC website

**Recordkeepers:** Our Recordkeepers can assist in educating by helping you understand each investment option in the NDC Core line-up and the risk associated.



## Use our Target Date Retirement Funds:

these funds are designed and managed to re-balance as you get older; provides a do it for me approach.

## Self-Directed Brokerage Account :

NDC does have a self directed brokerage option for those that may want to invest in securities outside our investment line-up.



# Stay Invested in NDC

- Contributions and earnings stay tax deferred- *Don't pay tax on money you are not using*
- Take advantage of the institutional pricing of a \$700 Million Dollar Program
- Changes in investments can be made at any time
- Assets remain liquid with no restrictions or fees for distributions
- You don't have to pay excessive administration cost or commissions to Agents or Financial Planners
- Rollovers *into* NDC are allowed at any time
- NDC's Investment Consultant will be providing continuing investment oversight of your contributions





# Contact Information

- **VOYA Financial**

844 West Nye Lane, Suite 101  
Carson City, NV 89703  
(775) 886-2400  
Fax: (775) 882-9758  
Toll Free: (866) 464-6832

3960 Howard Hughes Pkwy, 5th Fl.  
Las Vegas, NV 89169  
(702) 990-3720  
Fax: (702) 990-3721  
(By Appointment ONLY)

- **MassMutual**

9850 Double R Blvd., Suite 201  
Reno, NV 89521  
(855) 553-2177  
Fax: (775) 827-5482

750 East Warm Springs Rd, Ste. 330  
Las Vegas, NV 89119  
(855) 553-2176  
Fax (702) 650-9817



# Now is the Time!

- Enrolling is easy – we have EZ Enrollment Forms
- Increase your contribution – we have Payroll Contribution Forms
- Do it TODAY! Don't procrastinate
- **QUESTIONS????**

